

Message Text

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SUBJECT: COMPARISON OF U.S. AND JAPANESE UNEMPLOYMENT
STATISTICS

THIS IS IN REPLY TO EMBASSY TELEGRAM NUMBER 3070
(FEBRUARY 24, 1978) INQUIRING ABOUT THE COMPARABILITY OF
U.S. AND JAPANESE UNEMPLOYMENT STATISTICS. THE BUREAU OF
LABOR STATISTICS (BLS) BELIEVES THAT THE U.S. AND JAPANESE
UNEMPLOYMENT DATA ARE CLOSELY COMPARABLE. THERE ARE SOME
DIFFERENCES IN DEFINITIONS AND METHODS, BUT THE EFFECTS OF
THESE DIFFERENCES ARE BELIEVED TO BE MINOR. THEY PROBABLY
RESULT IN A SLIGHT UNDERSTATEMENT OF JAPANESE UNEMPLOYMENT
FOR COMPARISON WITH U.S. STATISTICS. HOWEVER, THERE APPEARS
TO BE NO BASIS FOR THE BELIEF THAT USE OF THE U.S. SYSTEM
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WOULD AT LEAST DOUBLE THE CURRENT JAPANESE UNEMPLOYMENT
RATE. SUCH ESTIMATES WERE PROBABLY CONSTRUCTED BY ADDING
ESTIMATES OF PERSONS RECEIVING LAYOFF PAY TO THE JAPANESE
UNEMPLOYMENT COUNT AND/OR PERSONS WHO HAVE WITHDRAWN FROM
THE LABOR FORCE AND ARE NOT ACTIVELY SEEKING WORK. MOST
PERSONS RECEIVING LAYOFF PAY SHOULD NOT BE INCLUDED IN THE
JAPANESE RATE FOR COMPARISON WITH THE U.S. RATE SINCE A

JAPANESE LAYOFF IS QUITE DIFFERENT FROM AN AMERICAN ONE. IN JAPAN, UNLIKE THE UNITED STATES, THE "LAID OFF" WORKER REMAINS ON THE FIRM'S PAYROLL AND PROBABLY WORKS SOME HOURS

DURING THE WEEK. PERSONS WHO HAVE WITHDRAWN FROM THE LABOR FORCE, SUCH AS "DISCOURAGED WORKERS," ARE NOT INCLUDED IN THE OFFICIAL U.S. UNEMPLOYMENT RATE.

THE MITSUBISHI BANK HAS OCCASIONALLY MADE ESTIMATES OF JAPANESE UNEMPLOYMENT ON AN ALTERNATIVE BASIS. THE BANK MEASURED UNEMPLOYMENT ON THE BASIS OF HOURS NOT WORKED PER POTENTIAL HOURS AVAILABLE AT THE END OF 1974 AND ARRIVED AT AN ADJUSTED UNEMPLOYMENT INDEX OF 5.7 PERCENT. THE OFFICIAL JAPANESE UNEMPLOYMENT RATE AT THAT TIME WAS ONLY 1.7 PERCENT.

BLS HAS PREPARED THE FOLLOWING INFORMATION TO ASSIST THE EMBASSY IN ANSWERING QUESTIONS ABOUT THE COMPARABILITY OF JAPANESE AND U.S. UNEMPLOYMENT STATISTICS:

SURVEY METHOD

THE JAPANESE LABOR FORCE SURVEY WAS PATTERNED AFTER THE U.S. SURVEY, BUT USES SOMEWHAT DIFFERENT DEFINITIONS AND SURVEY METHODS. IN CONTRAST TO U.S. PRACTICE WHERE AN ENUMERATOR ASKS A SERIES OF SPECIFIC QUESTIONS AND FILLS UNCLASSIFIED

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OUT THE SURVEY FORM, THE ENUMERATOR IN JAPAN LEAVES THE SURVEY FORM FOR THE RESPONDENT TO COMPLETE. THE JAPANESE SURVEY FORM DOES NOT CONTAIN THE PROBING QUESTIONS USED IN THE U.S. SURVEY TO DETERMINE EMPLOYMENT STATUS, BUT IT DOES CONTAIN SPECIFIC DEFINITIONS OF WORKING AND SEEKING WORK.

UNEMPLOYMENT DEFINITIONS

IN THE UNITED STATES, THE UNEMPLOYED COMPRISE ALL PERSONS WHO DID NOT WORK DURING THE SURVEY WEEK, WHO MADE SPECIFIC EFFORTS TO FIND A JOB WITHIN THE PAST 4 WEEKS, AND WHO WERE AVAILABLE FOR WORK DURING THE SURVEY WEEK (EXCEPT FOR TEMPORARY ILLNESS). ALSO INCLUDED AS UNEMPLOYED ARE PERSONS WHO WERE WAITING TO BE CALLED BACK TO A JOB FROM WHICH THEY HAD BEEN LAID OFF AND PERSONS WAITING TO REPORT TO A NEW JOB WITHIN 30 DAYS. THE STATUS OF BEING UNEMPLOYED IS DETERMINED THROUGH A SERIES OF QUESTIONS.

IN JAPAN, THE CLASSIFICATION OF A PERSON AS EMPLOYED, UNEMPLOYED, OR NOT IN THE LABOR FORCE IS DETERMINED BY ONE QUESTION IN WHICH THE RESPONDENT REPORTS THAT HE EITHER

(A) WORKED DURING THE SURVEY WEEK, (B) HAD A JOB BUT DID NOT WORK, (C) DID NOT HAVE A JOB BUT WAS SEEKING ONE, OR (D) ATTENDED SCHOOL, ENGAGED IN HOME DUTIES, OR OTHER ACTIVITIES. WORKING IS DEFINED AS ANY WORK FOR PAY OR PROFIT, INCLUDING UNPAID FAMILY MEMBERS WHO WORKED FOR

THE FAMILY BUSINESS. WITH A JOB BUT NOT AT WORK IS DEFINED AS AN EMPLOYEE WHO IS ABSENT FROM WORK BECAUSE OF SICKNESS, ETC., BUT WHO EXPECTS TO RECEIVE WAGES OR SALARY OR A SELF-EMPLOYED PERSON ABSENT FROM HIS JOB FOR LESS THAN 30 DAYS. THE UNEMPLOYED IN THE JAPANESE SURVEY ARE DEFINED AS THOSE WITHOUT JOBS WHO DID NOT WORK AT ALL DURING THE SURVEY WEEK AND WHO STATE THAT THEY ACTUALLY SOUGHT WORK DURING THE SURVEY WEEK OR WERE AWAITING THE RESULTS OF
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PREVIOUS EMPLOYMENT APPLICATIONS AND ARE ABLE TO BEGIN WORK IMMEDIATELY.

COMPARISON OF DEFINITIONS

IN SEVERAL RESPECTS, THE JAPANESE DEFINITION APPEARS TO BE MORE RESTRICTIVE THAN THE U.S. METHOD. PERSONS ON LAYOFF AND PERSONS WITHOUT A JOB AND WAITING TO REPORT TO A NEW JOB AT A LATER DATE WOULD PROBABLY NOT REPORT THEMSELVES AS SEEKING WORK, AND THUS WOULD NOT BE CLASSIFIED AS UNEMPLOYED. TEMPORARILY ILL JOBSEEKERS NOT IN A CONDITION TO BEGIN WORK IMMEDIATELY AND SOME PERSONS WHO HAD RECENTLY BEEN LOOKING FOR WORK (I.E., WITHIN THE PAST FOUR WEEKS), BUT WHO TOOK NO ACTIVE STEPS IN THE SURVEY WEEK AND WERE NOT WAITING FOR AN ANSWER FROM A PREVIOUS JOB APPLICATION, WOULD ALSO PROBABLY NOT REPORT THEMSELVES AS SEEKING WORK IF THEY FOLLOW THE SURVEY DEFINITIONS. IN ADDITION, SOME STUDENTS AND HOUSEWIVES MIGHT CLASSIFY THEMSELVES AS SUCH EVEN IF THEY WERE ALSO SEEKING WORK.

IN TWO RESPECTS, THE JAPANESE SURVEY IS LESS RESTRICTIVE THAN THE U.S. SURVEY. THE U.S. SURVEY QUESTIONNAIRE HAS A TEST OF WORK SEEKING ACTIVITIES AND A TEST OF CURRENT AVAILABILITY, WHILE THE JAPANESE QUESTIONNAIRE DOES NOT INCORPORATE SUCH TESTS. HOWEVER, THE INSTRUCTIONS GIVEN ON THE SURVEY QUESTIONNAIRE CLEARLY STATE THAT UNEMPLOYED PERSONS SHOULD BE ACTIVELY SEEKING WORK AND ABLE TO TAKE UP A JOB IMMEDIATELY AFTER THEY FIND ONE.

THERE ARE NO DATA AVAILABLE TO ACCURATELY ESTIMATE THE IMPACT OF THE ABOVE DIFFERENCES ON THE JAPANESE UNEMPLOYMENT RATE. THE PUBLISHED JAPANESE UNEMPLOYMENT RATE SHOULD PROBABLY BE INCREASED SOMEWHAT FOR COMPARABILITY
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WITH U.S. DEFINITIONS. HOWEVER, THE NUMBER OF UNEMPLOYED PERSONS WHO SHOULD BE ADDED IS MOST LIKELY VERY SMALL. THE LIFETIME EMPLOYMENT SYSTEM IS A BASIC PATTERN OF LABOR-MANAGEMENT RELATIONS IN JAPAN. THE REGULAR WORKER IS GRANTED PERMANENT TENURE, AND WHEN THE ACTIVITY OF THE ESTABLISHMENT IS REDUCED, THE EMPLOYER RETAINS THE WORKER, EITHER TRANSFERRING HIM TO ANOTHER JOB OR REDUCING HOURS. WORKERS PLACED ON SHORTER HOURS FOR ECONOMIC

REASONS ARE COMPENSATED FOR THE HOURS NOT WORKED UNDER A SYSTEM PARTIALLY FINANCED BY EMPLOYERS AND PARTIALLY BY THE GOVERNMENT. THUS A JAPANESE "LAYOFF" IS QUITE DIFFERENT FROM AN AMERICAN ONE. PERSONS ON TEMPORARY LAYOFF IN JAPAN REMAIN ON THE FIRM'S PAYROLL. THEY ARE UNDER A CONTINUING EMPLOYMENT CONTRACT AND USUALLY WORK A REDUCED NUMBER OF DAY OR HOURS DURING THE WEEK RATHER THAN BEING TOTALLY OUT OF WORK. UNDER U.S. CONCEPTS, PERSONS WHO WORK AT ALL DURING THE SURVEY WEEK ARE CLASSIFIED AS EMPLOYED.

NO INFORMATION IS AVAILABLE ON THE NUMBER OF JAPANESE NOT CLASSIFIED AS UNEMPLOYED BECAUSE OF TEMPORARY ILLNESS OR THE NUMBER OF PERSONS RECENTLY LOOKING FOR WORK BUT TAKING NO CONCRETE STEPS IN THE SURVEY WEEK. THE FACT THAT PERSONS AWAITING THE RESULTS OF PREVIOUS JOB APPLICATIONS ARE COUNTED AS UNEMPLOYED RESULTS IN THE WIDENING OF THE JOB SEEKING PERIOD BEYOND THE SURVEY WEEK. HOWEVER, THERE IS NO SPECIFIED PERIOD ALLOWED FOR JOB SEEKING ACTIVITIES, SUCH AS THE FOUR-WEEK PERIOD USED IN THE U.S. SURVEY. THERE IS ALSO NO INFORMATION ON THE NUMBER OF PERSONS WAITING TO REPORT TO A NEW JOB AT A LATER DATE. THE NUMBER OF SUCH PERSONS NOT CLASSIFYING THEMSELVES AS UNEMPLOYED PROBABLY RESULTS IN A SLIGHT UNDERSTATEMENT OF JAPANESE UNEMPLOYMENT UNDER U.S. CONCEPTS.

LABOR FORCE DEFINITIONS

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JAPAN DEFINES ITS LABOR FORCE IN A SLIGHTLY DIFFERENT WAY THAN THE U.S. SURVEY. JAPAN INCLUDES AND THE U.S. EXCLUDES UNPAID FAMILY WORKERS WHO WORKED ONE BUT LESS THAN 15 HOURS IN THE SURVEY WEEK. ALSO, JAPAN INCLUDES CAREER MILITARY PERSONNEL IN THE LABOR FORCE. ALL MEMBERS OF THE ARMED FORCES ARE EXCLUDED FROM THE U.S. LABOR FORCE FOR CALCULATION OF THE OFFICIAL UNEMPLOYMENT RATE. DATA ON

UNPAID FAMILY WORKERS WHO WORKED LESS THAN 15 HOURS AND ON THE "SELF DEFENSE FORCE" ARE AVAILABLE FOR JAPAN, AND THE REPORTED LABOR FORCE FIGURES CAN BE ADJUSTED TO EXCLUDE THESE GROUPS.

THERE WERE 440,000 UNPAID FAMILY WORKERS WHO WORKED LESS THAN 15 HOURS IN 1976; THE "SELF DEFENSE FORCE" COMPRISED 240,000 PERSONS. EXCLUSION OF THESE GROUPS FROM THE REPORTED JAPANESE LABOR FORCE OF 53,780,000 RESULTED IN AN ADJUSTED LABOR FORCE OF 53,100,000. CALCULATION OF THE UNEMPLOYMENT RATE USING THE ADJUSTED LABOR FORCE FIGURE DID NOT CHANGE THE REPORTED RATE OF 2.0 PERCENT. OCCASIONALLY THE ADJUSTMENT OF THE LABOR FORCE RESULTS IN AN INCREASE OF ONE-TENTH OF ONE PERCENTAGE POINT IN THE JAPANESE UNEMPLOYMENT RATE.

AN UPDATED VERSION OF THE 1973 BLS REPORT "HOW THE GOVERNMENT MEASURES UNEMPLOYMENT" IS BEING MAILED TO THE EMBASSY. BLS HAS PREPARED A BULLETIN ON INTERNATIONAL COMPARISONS OF UNEMPLOYMENT WHICH IS AT THE PRINTER. COPIES SHOULD BE AVAILABLE THIS SUMMER AND ONE WILL BE SENT TO THE EMBASSY. VANCE

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